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`Budget geek' focuses on San Diego - Think tank head's approach isn't popular with everyone

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Carl DeMaio, the head of a public policy think tank that preaches government accountability, has made it his mission to pick apart San Diego's budget.

DeMaio holds news conferences and forums and writes newspaper opinion pieces to get the word out to the public that he thinks city administrators used poor financial management and accounting gimmicks to balance a proposed $814.4 million operating budget for fiscal 2005.

His approach and his message are closing doors at City Hall and in the business community.

"I think Carl DeMaio is a nice guy, and I'd be willing to give him an internship in my office," Councilman Ralph Inzunza said. "But he is no budget analyst."

The San Diego County Taxpayers Association and the San Diego Regional Chamber of Commerce initially co-sponsored DeMaio's Citizens' Budget Project, but they withdrew their support last month, citing inaccuracies in his research.

The mistakes included wrong information about the San Diego firefighters' contract and inaccurate budget totals for the Atlanta Mayor's Office and the Baltimore City Attorney's

Office, which DeMaio used for comparisons with San Diego.

DeMaio, president of the San Diego-based Performance Institute, dismisses the criticism, preferring to focus on the city's troubled finances and his independent analysis of a fiscal 2005 budget marked by service cuts and fee increases.

In recent weeks, DeMaio and his 15 San Diego staff members have criticized City Manager Lamont Ewell for understating the deficit and presented the council 219 ways to offset it.

Ewell has included $26.9 million in cuts and $5.9 million in new fees in his budget.

DeMaio criticizes him for not factoring in $22.5 million in reduced state revenues, for using what he called a sales tax accounting gimmick in fiscal 2004 that added $10 million in revenue that won't be received until fiscal 2005, and for shifting another $10 million between the general fund and other funds.

The budget also is $73 million short on the pension payment that was recommended this year by a city advisory panel, he said.

DeMaio's menu to cut government costs includes major overhauls -- eliminating the city attorney's criminal division and using uniformed off-duty police officers as private security -- and consumer-oriented ideas such as a centralized call center for all residential queries other than 911 calls.

Inzunza and Councilman Michael Zucchet have skewered a few of the suggestions at public budget hearings. The institute's research and credibility also have been questioned by Mayor Dick Murphy and Lisa Irvine, the city's finance director.

Murphy, who endorsed the budget project in February, withdrew his support last month, citing mistakes made by DeMaio in his analysis.

"Lots of people come down to City Hall and are critical," Murphy said. "That's part of local government. But I'm not going to endorse an organization that is going to misrepresent the facts because then it looks like I am going to support that misrepresentation."

None of the backlash deters DeMaio.

"There is this whole concept of shoot the messenger," he said. "That's fine. We'll take the hits."

Capitol Hill politics

A middle child born in Dubuque, Iowa, and raised in Huntington Beach, DeMaio went to a Jesuit-run school and then Georgetown University in Washington, D.C. While earning a degree in international politics, he became enthralled with Capitol Hill politics.

He is proud of the five years he worked for the Congressional Institute, a nonprofit public policy organization, and he touts his work on policy teams covering budget issues for George W. Bush's presidential run in 2000 and for Arnold Schwarzenegger's gubernatorial bid in 2003.

At 29, DeMaio is a self-described budget geek, and he looks the part.

At city budget hearings, DeMaio wears sharp suits and spectacles, holds charts and turns to address the audience as much as the council.

His status as new kid on the block factors into his direct style with council members and city administrators.

"We don't have long-standing relationships," DeMaio said. "We don't have issues before council that would make us a little more flowery in our language or a little more discreet in how we point out some of the problems."

He founded The Performance Institute in Arlington, Va., four years ago with a couple of friends using $5,000 in savings and $25,000 from credit cards. His first seminar on the environment netted a profit and led to others.

The institute has 35 employees in Arlington and 15 in San Diego. He formed it as a private company instead of as a nonprofit so the organization would not be restricted from lobbying politicians for the reforms it was proposing.

He chose San Diego for a second office because it was near his two California siblings, and it was a good place to draw conventioneers to the conferences and seminars his think tank sponsors.

Government cost-saving suggestions advocated by his organization range from competitive

outsourcing of jobs to bureaucratic consolidation. His Web site bills the institute as a "private, nonpartisan think tank improving government results through the principles of performance, competition, transparency and accountability."

DeMaio said the institute's budget grew to $8.5 million in 2004 from $7.5 million in 2003. He declines to say what he earns, although DeMaio said most of the institute's revenue comes from about 180 public policy conferences it holds annually. The rest comes from teaching government management practices.

Late last year, he and his local staff began focusing on San Diego's finances after doing similar analyses the past two years of government spending at the federal and state levels. Part of the reason he chose San Diego is because he lives here.

Withdrawal of support

After the taxpayers group and chamber told DeMaio to stop using their names and logos in association with the San Diego budget project, he was left with the Reason Foundation as his only co-sponsor.

A spokesman for the Reason Foundation, a libertarian think tank in Los Angeles, called the errors DeMaio made in his analysis minor and said they would not cause the group to withdraw its support.

Geoffrey Segal, the foundation's director of government reform, said the inaccuracies don't affect the cost-saving measures outlined by DeMaio, who once worked for the foundation and is a fellow of the group.

"Maybe Carl's like Howard Dean with good ideas, with ideas that resonate," Segal said.

DeMaio's passion is apparent, project participants said, but they and others acknowledged that he can come across as arrogant, dismissive and disrespectful.

"He says he's not running for anything and he's doing this for the good of the people, and yet the presentation would seem to indicate otherwise," said Lisa Briggs, president of the San Diego County Taxpayers Association.

San Diego attorney Mike McDade also questioned DeMaio's style after being a panelist at one

of the budget project's forums.

"I kind of got the impression that we were being used as window dressing for his personal agenda," said McDade, who was former Mayor Roger Hedgecock's chief of staff.

Not everyone in the business community has backed away from DeMaio.

John Hawkins, chairman of the San Diego Regional Chamber of Commerce board and president of Cloud 9 Shuttle, likens DeMaio to "a bull in a china shop," but he said people are mistaking his high energy for arrogance.

"He was a lone crusader in Sacramento until someone realized that much of what he was saying had validity," Hawkins said.

For his part, DeMaio said The Performance Institute won't stop being a watchdog at City Hall with the passage of the budget this month.

He said he will consider funding the opposition for any tax increase that might be placed on the ballot. DeMaio said he also will return with his charts and statistics when the council and city staff review midyear budget projections.

"Our credibility will be shown in time," he said.

City budget hearings

The San Diego City Council continues to hold public budget hearings this month at the City Administration Center, 202 C St. A final budget must be approved by June 30.

o Today, 2 to 5 p.m.: San Diego Convention Center Corp., Special Promotional Programs and other departments funded by transient occupancy tax. o Tomorrow, 10 a.m. to 5 p.m.: Metropolitan Wastewater, water and cost-of-service study. o June 14, 2 to 5 p.m.: San Diego Data Processing Corp. and any of at least 20 other city departments that might be discussed at the request of the City Council or the public. o June 15, 10 a.m. to 5 p.m.: Housing Commission, Centre City Development Corp., Southeastern Economic Development Corp. and the Redevelopment Agency. o June 21, 2 to 5 p.m.: Council discussion. Public testimony will be taken. o June 28, 2 to 5 p.m.: Will address the budget if necessary.

Matthew Hall: (619) 542-4599; matthew.hall@uniontrib.com

1. Carl DeMaio, president of the San Diego-based public policy think tank The Performance Institute, is a self-described budget geek known for his direct style. 2. City budget hearings 1. Peggy Peattie / Union-Tribune
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